

BRYAN CAVE LEIGHTON PAISNER LLP  
120 BROADWAY, SUITE 300  
SANTA MONICA, CALIFORNIA 90401-2386

1 **BRYAN CAVE LEIGHTON PAISNER LLP**  
Robert E. Boone III, California Bar No. 132780  
2 120 Broadway, Suite 300  
Santa Monica, CA 90401-2386  
3 Telephone: (310) 576-2100  
Facsimile: (310) 576-2200  
4 E-Mail: [reboone@bclplaw.com](mailto:reboone@bclplaw.com)

5 Daniel A. Crowe (*Pro Hac Vice*)  
dacrowe@bclplaw.com

6 **BRYAN CAVE LEIGHTON PAISNER LLP**  
One Metropolitan Square  
7 211 N. Broadway, Suite 3600  
St. Louis, MO 63102  
8 Telephone: (314) 259-2000  
Facsimile: (314) 259-2020

9 Erin A. Kelly (*Pro Hac Vice*)  
10 erin.kelly@bclplaw.com  
11 **BRYAN CAVE LEIGHTON PAISNER LLP**  
1700 Lincoln Street, Suite 4100  
Denver, CO 80203  
12 Telephone: (303) 861-7000  
Facsimile: (303) 866-0200

13  
14 Attorneys for Defendants  
AMP Plus, Inc. d/b/a ELCO Lighting and Elco Lighting, Inc.

15  
16 **UNITED STATES DISTRICT COURT**  
17 **CENTRAL DISTRICT OF CALIFORNIA**

18 DMF, Inc., a California corporation,

19  
20 Plaintiff,

21 v.  
AMP PLUS, INC., d/b/a ELCO  
22 LIGHTING, a California corporation;  
ELCO LIGHTING, INC., a California  
23 corporation,

24 Defendants.

25 AND RELATED COUNTER-  
26 ACTIONS.

Case No. 2:18-cv-07090-CAS-GJS

**DEFENDANTS' EX PARTE  
APPLICATION FOR AN ORDER  
STAYING THIS ACTION PENDING  
THE PATENT TRIAL AND APPEAL  
BOARD'S INTER PARTES REVIEW  
OF THE '266 PATENT, AND AN  
ORDER STAYING THE  
NOVEMBER 29, 2019 EXPERT  
REBUTTAL REPORT DEADLINE**

Judge Christina A. Snyder

**TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

Defendants AMP Plus, Inc. d/b/a ELCO Lighting (“ELCO”) and Elco Lighting, Inc. (“ELI”) (collectively, “Defendants”) hereby apply *ex parte* for an order immediately staying this action in its entirety pending *Inter Partes* Review of all asserted claims of the patent-in-suit by the Patent Trial and Appeal Board (“PTAB”). Defendants further request that if the Court is unable to rule on the stay order before Wednesday, November 27, 2019, that the Court issue by such date an order staying the outstanding rebuttal expert report deadline of Friday, November 29, 2019 until such time that the Court is able to render a decision on the stay motion. Defendants request such orders pursuant to Local Rule 7-19.

Good cause exists for the requested immediate stay of the entire action because:

(1) On November 21, 2019, the PTAB issued its decision to institute *inter partes* review of the patent-in-suit (U.S. Patent No. 9,964,266) (the “266 patent”) based upon all asserted grounds in ELCO’s IPR Petition filed in May 2019. In its decision (copy attached as Exhibit A to the Declaration of Robert E. Boone III), the PTAB determined that ELCO is likely to prevail on its invalidity challenges under 35 U.S.C. §§ 102 and 103 against claims 1, 2, 4-11, 13-17, 19, 21, 22, 25, 26 and 28-30 of the ‘266 patent based on the prior art references Imtra Marine Lighting – Spring 2007 and Imtra Marine Lighting – Advanced LED Solutions 2011 recessed lighting product catalogs. The ‘266 patent claims at issue in the IPR proceeding include each and every claim that Plaintiff DMF, Inc. (“DMF”) asserts in this action.

(2) Judicial economy is best-served by a stay of the action to allow a final decision in the IPR proceeding to be rendered. If the PTAB invalidates the subject patent, there will be no need for further proceedings in this case. Even if the PTAB invalidates some claims of the ‘266 patent, such a ruling will narrow the scope of this case, thus still saving valuable resources. This would include significant resources now being devoted to completing expert discovery, including expert

1 rebuttal reports and all expert depositions, as well as remaining motion practice, trial  
2 preparation and trial.

3 (3) The PTAB is best-equipped to determine the invalidity of the '266 patent.  
4 The panel assigned to the IPR proceeding consists of three judges whose entire  
5 docket of cases is comprised of patentability disputes.

6 (4) DMF will not suffer any prejudice by a stay of the action pending a final  
7 decision in the IPR proceeding. The Court's preliminary injunction is in place,  
8 protecting DMF from any further purported injury from sales of the accused ELCO  
9 products.

10 Good cause exists for the requested stay of the November 29, 2019 expert  
11 rebuttal report deadline because:

12 (1) Again, judicial economy dictates that this expert deadline be stayed until  
13 the Court decides whether the entire action should be stayed. There is no need for  
14 the parties to expend valuable resources to prepare and serve rebuttal expert reports  
15 until the Court decides whether to stay the case. Those reports are not needed at this  
16 time if the Court is going to stay the case.

17 (2) Neither side will suffer any prejudice by an immediate stay of this  
18 deadline pending the Court's decision on Defendants' request to stay the entire  
19 action.

20 This Application is based upon the attached Memorandum of Points and  
21 Authorities, the PTAB's November 21, 2019 Institution Decision, the concurrently-  
22 filed declaration of Robert E. Boone III ("Boone Decl."), the records on file in this  
23 action, and all other matters that the Court may properly consider, including the oral  
24 argument of counsel.

1 Defendants have given notice of this Application to DMF's counsel. (*See*  
2 Boone Decl. ¶ 7.) It is anticipated that DMF will oppose this Application. (*Id.*)

3  
4 Dated: November 22, 2019

**BRYAN CAVE LEIGHTON PAISNER LLP**

Robert E. Boone III

Daniel A. Crowe

Erin A. Kelly

7 By: /s/ Robert E. Boone III

8 Robert E. Boone III

9 Attorneys for Defendants

10 AMP PLUS, INC. d/b/a Elco Lighting and  
11 Elco Lighting, Inc.

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Bryan Cave Leighton Paisner LLP  
120 Broadway, Suite 300  
Santa Monica, California 90401-2386

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120 Broadway, Suite 300  
Santa Monica, California 90401-2386

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120 Broadway, Suite 300  
Santa Monica, California 90401-2386

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

Defendants AMP Plus, Inc. dba Elco Lighting (“ELCO”) and Elco Lighting, Inc. (“ELI”) (collectively “Defendants”), respectfully apply for an order immediately staying this action pending final determination of the Patent Trial and Appeal Board’s (“PTAB”) *inter partes* review (“IPR”) of the patent-in-suit, U.S. Patent No. 9,964,266 (“the ‘266 Patent” or “the patent-in-suit”). Pending the Court’s decision on this stay request, Defendants ask the Court to issue an order no later than Wednesday, November 27, 2019, staying the deadline for the parties to serve expert rebuttal reports, at least until after the Court decides whether to stay the entire action.

In this litigation, Plaintiff DMF, Inc. (“DMF”) has alleged that Defendants infringe over twenty claims of the ‘266 Patent. To potentially resolve this case without further burdening the Court or, at the very least, significantly reduce the scope of the case, ELCO filed a Petition for *Inter Partes* Review (the “IPR Petition”) with the PTAB in May 2019, challenging the validity of each of the claims of the ‘266 patent asserted by DMF in this litigation.

In July 2019, Defendants filed a Motion to Stay the case pending the PTAB’s decision whether to institute *inter partes* review of the ‘266 patent. (ECF No. 244) The Court denied that motion without prejudice to Defendants renewing the motion if the PTAB decided to institute *inter partes* review, signaling that the Court would in fact stay the case if that occurred. (ECF No. 249.)

On November 21, 2019, the PTAB issued its decision to institute *inter partes* review of the ‘266 patent on all grounds asserted by ELCO in its IPR Petition. Decision by USPTO, Patent Trial and Appeal Board, *AMP Plus, Inc. dba ELCO Lighting v. DMF, Inc.*, IPR2019-01094 (Nov. 21, 2019) (the “PTAB Decision”) (attached as Exh. A to the Boone Decl.). The ‘266 patent claims at issue in the IPR proceeding include each and every claim that DMF asserts in this action.

1 An immediate stay of the entire action is warranted. As explained below,  
2 each of the relevant factors courts generally consider in deciding stay motions  
3 weighs heavily in favor of granting a stay.

4 **First**, judicial economy is best-served by a stay of the action to allow a final  
5 decision in the IPR proceeding to be rendered, and to avoid unnecessary,  
6 duplicative, and/or inconsistent work by the Court and the parties. The IPR  
7 proceeding is likely to simplify the issues in this case. If the PTAB invalidates the  
8 subject patent in its entirety, there will be no need for further proceedings in this  
9 case. Even if the PTAB invalidates just some claims of the '266 patent, such a  
10 ruling will still narrow the scope of this case. Regardless of the outcome of the IPR  
11 proceeding, that decision will result in conserving valuable resources of this Court  
12 and the parties, which could include resources now being devoted to completing  
13 expert discovery, such as expert rebuttal reports and all expert depositions, as well  
14 as resources that no doubt will be devoted to remaining motion practice, trial  
15 preparation and trial. For instance, DMF will be unable to assert any claim that is  
16 found invalid. ELCO will be unable to challenge any claims found to be valid  
17 based upon the grounds it raised or could have raised in the IPR. Furthermore, any  
18 statements or amendments made by DMF in the proceeding will become part of the  
19 patent's prosecution history and impact claim construction. Indeed, the PTAB has  
20 already ruled that it disagrees with DMF's claim construction positions and this  
21 Court's claim construction order, signaling the likelihood that the PTAB in fact will  
22 invalidate the '266 patent.<sup>1/</sup>

23  
24  
25 <sup>1/</sup> ELCO filed a second IPR Petition with the PTAB in August 2019, challenging the '266 patent's validity  
26 based on other prior art Defendants also asserted in this case. The PTAB's institution decision in that  
27 proceeding is due in March 2020. In light of the November 21, 2019 PTAB Decision regarding ELCO's  
28 first IPR Petition, Defendants believe that the PTAB will institute further *inter partes* review of the '266  
patent based on the second IPR petition. The second IPR petition, if instituted, would further narrow the  
scope of this case and address other claim construction issues.

1        **Second**, this litigation is far from being completed, and at this juncture, what  
2 claims of the ‘266 patent ultimately will be at issue is uncertain due to the IPR.  
3 While fact discovery just closed, fact discovery issues still remain in dispute.  
4 Defendants have a pending motion to consolidate this case with DMF’s separate  
5 design patent infringement action against Defendants, move the remaining trial and  
6 pre-trial dates in this action back a few months, and extend the fact discovery cutoff  
7 to conduct additional fact discovery. *See* Defendants’ Motion to Consolidate (ECF  
8 No. 298.) That additional fact discovery would include re-opening the deposition  
9 of DMF’s 30(b)(6), witness who evasively avoided answering straightforward  
10 questions and wasted enormous amounts of time, and taking the overseas  
11 deposition of another important witness. *See id.*; *see also* Defendants’ Reply in  
12 Support of Motion to Consolidate (ECF No. 319). Furthermore, expert discovery  
13 remains to be completed. In fact, the parties just disclosed initial expert reports;  
14 rebuttal expert reports are still outstanding, and no expert depositions have  
15 occurred. But what claims of the ‘266 patent are valid and can be enforced is  
16 uncertain until the PTAB completes its work. So, what claims the experts really  
17 need to address with respect to infringement likely will change. If this case  
18 proceeds, the Court and the parties will be forced to spend significant time and  
19 resources on tasks that may ultimately prove unnecessary, including preparing for  
20 and conducting a trial.

21        **Third**, the PTAB is the best-equipped to determine the invalidity of the ‘266  
22 patent. The panel assigned to the IPR proceeding consists of three judges whose  
23 entire docket of cases is comprised of patent disputes.

24        **Fourth**, DMF will not suffer any prejudice by a stay of the action pending a  
25 final decision in the IPR proceeding. The Court’s preliminary injunction (ECF No.  
26 148) is in place, protecting DMF from any further purported injury from sales of  
27 the accused ELCO products.

28        Good cause exists for the requested stay of the November 29, 2019 expert

1 rebuttal report deadline until the Court decides whether to stay the entire case  
2 pending the IPR decision. Again, judicial economy dictates that this looming  
3 deadline be stayed until the Court decides whether the entire action should be  
4 stayed. There is no need for the parties to expend valuable resources to prepare and  
5 serve rebuttal expert reports until the Court decides whether to stay the case. Those  
6 reports will not be needed at this time if the Court stays the case. In addition, the  
7 reports of the experts will be based on the Court's claim construction of several  
8 important patent terms, which such construction has now been called into question.  
9 Furthermore, and again, neither side will suffer any prejudice by an immediate stay  
10 of this deadline pending the Court's decision on Defendants' request to stay the  
11 entire action.

## 12 **II. FACTUAL BACKGROUND**

13 ELCO filed its IPR Petition in May 2019, challenging the validity of the '266  
14 patent based on certain prior art, including the *Imtra Marine Lighting – Spring*  
15 *2007* and *Imtra Marine Lighting – Advanced LED Solutions 2011* recessed lighting  
16 product catalogs (respectively, "2007 Imtra" and "2011 Imtra"). In July 2019,  
17 Defendants filed a Motion to Stay the case pending the PTAB's decision whether to  
18 institute *inter partes* review of the '266 patent. (ECF No. 244) The Court denied  
19 that motion without prejudice to Defendants renewing the motion if the PTAB  
20 decided to institute *inter partes* review, signaling that the Court would in fact stay  
21 the case if that occurred. (ECF No. 249; *see* PTAB Decision at 33-34.)

22 On November 21, 2019, the PTAB decided to institute *inter partes* review of  
23 the '266 patent on all grounds asserted by ELCO in its IPR Petition. *See* PTAB  
24 Decision. In its decision, the PTAB determined that ELCO **is likely to prevail** on  
25 its invalidity challenges under 35 U.S.C. §§ 102 and 103 against claims 1, 2, 4-11,  
26 13-17, 19, 21, 22, 25, 26 and 28-30 of the '266 patent. PTAB Decision at 34. The  
27 PTAB applied the same *Phillips* standard that this Court applied in its claim  
28 construction order (<https://www.federalregister.gov/documents/2018/10/11/2018->

[22006/changes-to-the-claim-construction-standard-for-interpreting-claims-in-trial-proceedings-before-the](#)).

Notably, the PTAB disagreed with DMF’s and this Court’s construction of “driver” to mean “a device that serves the function of supplying and regulating electrical energy from building main power to the light source module.” PTAB Decision at 15-21. “As urged by [DMF], we have considered the District Court’s construction of driver.... Respectfully, we find the District Court’s construction limiting a driver to a device supplying and regulating electrical energy *from building main power* to the light source module **too narrow**...” *Id.* at 18 (italicized emphasis original; bold, underline emphasis added).

The PTAB correctly determined that neither the Specification nor the prosecution history of the ‘266 patent restricts the claimed compact recessed lighting system “to be powered by only ‘building main power.’” *Id.* at 19.

In particular, the Specification discloses that the driver may be any type of power supply that delivers AC *or DC* voltage to the light source module. ... We interpret the statement as permitting the use of a driver that receives DC voltage, *e.g.*, from batteries, which not be connected to building main voltage.”

*Id.*

The PTAB also found that the manner in which the claims are written clearly demonstrates that “driver” cannot be construed as narrowly as urged by DMF and determined by this Court. “Where desired, the Applicant [Danesh] drafted the claims to limit the recessed lighting system to one placed or installed in a building.... In other claims, however, the plain language supports a recessed lighting system powered by electricity from, or installed in, a structure that is not limited to a building.” *Id.*

The PTAB found “no persuasive reason to adopt the narrow construction of ‘driver’ proposed by [DMF]” – that is, limit the supply source to building main

1 power. *Id.* at 21. Rather, “[d]river’ as used in the ‘266 patent is not limited to a  
2 device that receives electrical power from building main power, but is more  
3 broadly construed: an electronic device to supply, regulate, or supply and regulate  
4 electrical energy to a light source module.” *Id.*

5 The PTAB’s construction of “driver” is significant because it removes  
6 DMF’s principal argument that DMF’s asserted patent is novel in light of the nearly  
7 identical product marketed by Imtra years before DMF claims to have invented its  
8 recessed lighting product.

9 The PTAB also disagreed with DMF’s construction of “standard junction  
10 box.” The PTAB rejected DMF’s argument that “standard junction box” should be  
11 construed as “accommodating wire splices to building main power” based on  
12 several grounds, including grounds this Court did not consider in rendering its  
13 claim construction order. *Id.* at 8-15. The PTAB construed “standard junction  
14 box” to mean “an enclosure of industry-specified size for housing electrical  
15 connections.” “The term is not limited to accommodating wire splices *to building*  
16 *main power.*” *Id.* at 15 (emphasis in original).

17 The PTAB also found “a reasonable likelihood that [ELCO] will prevail on  
18 the asserted ground of anticipation by Imtra 2011 of the challenged claims.” *Id.* at  
19 28. In addition, the PTAB found that Imtra 2007 and Imtra 2011 combined  
20 disclose the limitations of the challenged claims. *Id.* at 29. The PTAB further  
21 determined there is a reasonable likelihood that ELCO will prevail on its  
22 obviousness challenges based on Imtra 2007, Imtra 2011 and U.S. Patent No.  
23 9,366,418 B2 to Gifford (“Gifford”). *Id.* at 30-32.

24 Finally, the PTAB rejected DMF’s argument that the PTAB should deny  
25 ELCO’s IPR Petition on the grounds that this case is approaching its final stages,  
26 finding that this Court’s denial of Defendants’ Motion to Stay without prejudice to  
27 signal a willingness to revisit the issue of a stay following the PTAB’s institution  
28 decision. *Id.* at 34. Thus, the PTAB felt that ELCO’s invalidity contentions are so

1 strong that the stage of this litigation should not prevent the PTAB from instituting  
2 *inter partes* review.

3 Oral argument in the IPR before the PTAB is scheduled in August 2020. *See*  
4 IPR Scheduling Order (Exh. B to Boone Decl).

5 **III. LEGAL STANDARD**

6 “Courts have inherent power to manage their dockets and stay proceedings,  
7 including the authority to order a stay pending conclusion of a PTO  
8 reexamination.” *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988)  
9 (citation omitted). A stay is “particularly justified where the outcome of the  
10 reexamination would be likely to assist the court in determining patent validity, and  
11 if the claims were cancelled in reexamination, would eliminate the need to try the  
12 infringement issue.” *In re Cygnus Telecomms. Techs., LLC Patent Litigation*, 385  
13 F. Supp. 2d 1022, 1023 (N.D. Cal. 2005) (citing *Gould v. Control Laser Corp.*, 705  
14 F.2d 1340, 1342 (Fed. Cir. 1983)). This District recognizes a “liberal policy in  
15 favor of granting motions to stay proceedings pending the outcome of re-  
16 examination.” *Wonderland Nursery Goods Co. v. Baby Trend, Inc.*, No. EDCV 14-  
17 01153-VAP, 2015 WL 1809309, at \*3 (C.D. Cal. Apr. 20, 2015) (quoting  
18 *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028,  
19 1031 (C.D. Cal. 2013)).

20 “In deciding a motion to stay pending IPR, courts typically consider three  
21 factors: (1) the stage of the proceedings; (2) simplification of the issues in question;  
22 and (3) undue prejudice or clear tactical disadvantage to the non-moving party.”  
23 *Polaris Innovations Ltd. v. Kingston Tech. Co., Inc.*, No. SACV 16-00300-  
24 CJC(RAOx), 2017 WL 8220599, at \*1 (C.D. Cal. June 27, 2017) (quoting  
25 *Universal Elecs.*, 943 F. Supp. 2d at 1030-31. These factors are considered in  
26 deciding whether to order a stay based on the totality of the circumstances.  
27 *Universal Elecs.*, 943 F. Supp. 2d 1033. As discussed below, each of these factors  
28 weighs strongly in favor of granting a stay.

1 **IV. ARGUMENT**

2 **A. As The PTAB Found, This Case Is Not In Its Final Stages**

3 This case is not in its final stages. As the Court knows, expert discovery  
4 ends in December 2019; motions for summary judgment are not due to be filed  
5 until near the end of January 2020; and the pre-trial conference and trial are not  
6 until March 2020.

7 Given the time and resources the parties and the Court are expected to  
8 expend from now until trial, this factor weighs in favor of a stay. *See PersonalWeb*  
9 *Techs., LLC v. Apple Inc.*, 69 F. Supp. 3d 1022, 1026 (N.D. Cal. 2014) (recognizing  
10 that “while much has been done, much remains, and the remaining work is costly”  
11 and concluding that “the landscape of the litigation could change dramatically in  
12 light of any PTAB ruling and the parties should have the benefit of that change  
13 before making strategic choices for trial.”).

14 “The proceedings to date ... do not place the parties on the cusp of trial and  
15 accordingly this factor supports a stay.” *Polaris Innovations*, at \*2 (finding in  
16 favor of a stay where “discovery is incomplete,” “[n]o expert discovery has  
17 occurred and the parties are continuing to take depositions”). Other courts  
18 considering motions to stay at similar stages of litigation have also found this factor  
19 to weigh in favor of a stay. *See, e.g., XR Commc'ns, LLC v. D-Link Sys., Inc.*, No.  
20 SACV1700596AGJGCX, 2018 WL 2734849, at \*2 (C.D. Cal. Apr. 10, 2018)  
21 (finding in favor of stay where parties “have submitted claim construction briefs,”  
22 “[f]act discovery has begun, but it’s not yet complete and expert discovery has not  
23 yet begun” and first trial date was in approximately eleven months); *PersonalWeb*  
24 *Techs.*, 69 F. Supp. 3d at 1026 (finding in favor of a stay where “[a] substantial  
25 amount of fact discovery has been completed: the parties have exchanged over 100  
26 requests for production of documents and have in fact produced over 500,000  
27 pages; have propounded and responded to over 50 interrogatories; and have taken a  
28 dozen depositions,” but “several costly stages of discovery [the totality of expert

discovery and dispositive motion practice] remain.”); *PersonalWeb Techs., LLC v. Facebook, Inc.*, (“*PersonalWeb I*”), No. 5:13-CV-01356-EJD, 2014 WL 116340, at \*3 (N.D. Cal. Jan. 13, 2014) (finding in favor of a stay where “a claim construction order ha[d] been issued and the close of fact discovery [was] fast approaching,” but “a substantial portion of the work—expert discovery, summary judgment, pre-trial preparation, and trial itself—lies ahead.”); *EMSAT Advanced v. T-Mobile USA, Inc.*, No. 4:08CV00817, 2011 WL 843205, at \*2 (N.D. Ohio Mar. 8, 2011) (finding “the phase of this litigation, while not in its earliest stages, does not warrant denial of the motion to stay” because “there remain several costly stages of this litigation [expert discovery and dispositive motions] that may be eliminated or reduced depending upon the result of the reexamination of the patents-in-suit.”); *Cywee Group Ltd. v. Samsung Electronics Co. Ltd.*, No. 2:17-cv-001410WCB-RSP, ECF No. 331 at 13 (E.D. Tex. Feb. 14, 2019) (granting a stay when trial was three months away and discovery was nearly complete because “the most burdensome parts of the case—filing and responding to pretrial motions, preparing for trial, going through the trial process, and engaging in post-trial motions practice—all [lay] in the future” and citing cases where stays had been granted much closer to trial – seven, eight, ten weeks before trial).

With the completion of discovery, significant motion practice, preparation of pre-trial conference materials, and preparation for trial, all of which could be dramatically impacted by the PTAB’s final decision, the stage of this case heavily favors a stay, to conserve valuable resources and avoid unnecessary work and inconsistent results.

**B. Resolution of ELCO’s IPR Petition Will Simplify the Case**

The IPR instituted by the PTAB challenges every claim of the ‘266 Patent asserted by DMF. “[W]e determine that the record demonstrates a reasonable likelihood that [Elco] will prevail with respect to at least one of the claims challenged in the Petition.” PTAB Decision at 34. Thus, it is likely that the PTAB

1 will find the asserted patent claims invalid, which would completely dispose of the  
2 issues in this case: “the ultimate simplification of issues.” *VirtualAgility Inc. v.*  
3 *Salesforce.com, Inc.*, 759 F.3d 1307, 1314 (Fed. Cir. 2014).

4 However, regardless of the outcome, an IPR proceeding will simplify and  
5 focus the issues in this case. Even if some claims survive, the remaining claims  
6 will represent a smaller, more manageable set, and the Court will have avoided  
7 expending resources on claims that are no longer relevant. Additionally, the  
8 removal of less than all challenged claims may also “simplify the issues and  
9 streamline the litigation by reducing claim construction disputes and minimizing  
10 the number of claims that the parties need to address.” *Tire Hanger Corp. v. My*  
11 *Car Guy Concierge Servs. Inc.*, No. 14-cv-00549, 2015 WL 857888, at \*2 (C.D.  
12 Cal. Feb. 27, 2015).

13 And even if the PTAB does not find all of the challenged claims  
14 unpatentable, issues in the case will still be simplified. This is true for two reasons.  
15 First, “[e]ven if no patent claim is eliminated, the intrinsic record developed during  
16 the IPR may inform on issues like claim construction.” *XR Commc’ns, LLC v. D-*  
17 *Link Sys., Inc.*, No. SACV1700596AGJGCX, 2018 WL 2734849, at \*3 (C.D. Cal.  
18 Apr. 10, 2018) (quoting *Core Optical Techs., LLC v. Fujitsu Network Commc’ns,*  
19 *Inc.*, No. SACV16-00437-AG (JPRx), 2016 WL 7507760, at \*2 (C.D. Cal. Sept.  
20 12, 2016)). Positions taken by DMF in the IPR will become part of the prosecution  
21 history and may be relevant to issues of claim construction and infringement. *See*  
22 *Aylus Networks, Inc. v. Apple, Inc.*, 856 F.3d 1353, 1359-62 (Fed. Cir. 2017)  
23 (“statements made by a patent owner during an IPR proceeding can be relied on to  
24 support a finding of prosecution disclaimer during claim construction”); *see also*  
25 *Polaris*, 2017 WL 8220599, at \*2 (“the record in this case will still be developed  
26 through the IPR proceedings”). And second, “significant judicial resources” may  
27 be saved because “estoppel will prevent Defendants from raising in this Court  
28 invalidity grounds that were or could reasonably have been raised during the IPR.”

1 *Wonderland*, 2015 WL 1809309, at \*3. As one court put it: “Whatever the PTAB’s  
2 decision, the case will be simplified for this Court.” *TAS Energy, Inc. v. San Diego*  
3 *Gas & Elec. Co.*, No. 12-cv-2777-GPC, 2014 WL 794215, at \*4 (S.D. Cal. Feb. 26,  
4 2014).

5 DMF may try to argue that this Court has already issued its claim  
6 construction order, and it is final. Any such argument would be contrary to the law.  
7 This Court can modify its claim construction order as it sees fit up through trial,  
8 including based on the PTAB’s ruling and/or additional evidence, including that  
9 submitted at trial. The Federal Circuit has made clear that a district court may  
10 adopt an “evolving” or “rolling” claim construction, in which the court’s  
11 construction of claims can be modified as the court better understands the  
12 technology and the patents at issue. *Pressure Prods. Med. Supplies, Inc. v.*  
13 *Greatbatch Ltd.*, 599 F.3d 1308, 1316 (Fed. Cir. 2010) (trial testimony informed  
14 court to change claim construction); *Pfizer, Inc. v. Teva Pharms., USA, Inc.*, 429  
15 F.3d 1364, 1377 (Fed. Cir. 2005) (“[D]istrict courts may engage in rolling claim  
16 construction, in which the court revisits and alters its interpretation of the claim  
17 terms as its understanding of the technology evolves.”); *see Mformation Techs.,*  
18 *Inc. v. Research in Motion Ltd.*, 764 F.3d 1392, 1397-98 (Fed. Cir. 2014)  
19 (affirming claim construction clarification made after jury trial and affirming  
20 JMOL of non-infringement).

21 DMF may also try to argue that this case is ready for disposition by summary  
22 judgment on infringement. That also is not true. At a minimum, the PTAB  
23 Decision raises a triable issue of fact as to whether the ‘266 patent is valid. An  
24 invalid patent is a complete defense to an infringement claim. Even proceeding  
25 with issues related solely to infringement in light of the substantial question  
26 regarding invalidity would not make sense. Institution of the IPR means that the  
27 prosecution history for the ‘266 Patent is re-opened. Any statements made by DMF  
28 in attempting to defend the IPR may be relevant to claim construction and,

1 necessarily, infringement issues. Thus, until the IPR proceeding is complete, and  
2 the prosecution history closed, addressing infringement issues would be akin to  
3 shooting at a moving target. Further, addressing infringement issues at this time  
4 would likely be a waste of judicial resources given the PTAB's strong suggestion  
5 that Elco will ultimately prevail in establishing the invalidity of DMF's patent.

6 *Inter partes* review under the Leahy-Smith America Invents Act ("AIA") is  
7 an expedited and streamlined procedure promulgated by Congress to help reduce  
8 the cost and burden of litigation, and provide an alternative to district court  
9 litigation, by allowing persons and entities to challenge the validity of patents based  
10 on prior art patents and printed publications. *See* H.R. Rep. No. 112-98, at 40  
11 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 70. The IPR procedure was designed  
12 to create "a more efficient and streamlined patent system that will improve patent  
13 quality and limit unnecessary and counterproductive litigation costs." 77 Fed. Reg.  
14 48,680 (Aug. 14, 2012). The case law reflects an expectation that, in appropriate  
15 circumstances, concurrent district court litigation will be stayed while the PTAB  
16 review is performed.

17 Importantly, in the expedited proceedings, the PTAB will issue final orders  
18 cancelling, modifying, or affirming the claims of the patent-in-issue within twelve  
19 months after institution of the IPR. 35 U.S.C. § 316(a)(11); 35 U.S.C. § 307. Here,  
20 the PTAB has scheduled oral argument for the IPR on August 20, 2019. (See  
21 PTAB Scheduling Order attached as Exhibit B to the Declaration of Robert E.  
22 Boone III)

23 The AIA provides patent owners with a variety of significant protections,  
24 including estoppel provisions. For example, the AIA precludes a petitioner from  
25 later asserting in civil litigation the invalidity of a patent "on any ground that the  
26 petitioner raised or reasonably could have raised during that *inter partes* review."  
27 35 U.S.C. § 315(e)(2). And, IPR proceedings are conducted by the Patent Trial and  
28

1 Appeal Board, of the U.S. Patent and Trademark Office, using technically trained  
2 panels comprised of three Administrative Patent Judges. 35 U.S.C. § 316(c).

3 Accordingly, accelerated IPR proceedings often result in the complete  
4 disposition of a dispute and, at a minimum, will substantially narrow issues  
5 involved in litigation resulting in increased efficiencies, lessened burdens on the  
6 parties and court, and minimal delays.

7 ELCO's IPR petition provides a significant opportunity to simplify issues in  
8 this case, and this factor weighs in favor of a stay.

9 **C. DMF Would Not Suffer Any Undue Prejudice From a Stay**

10 The last factor courts regularly consider is whether the stay will result in  
11 undue prejudice or clear tactical disadvantage to the non-moving party. In  
12 weighing this factor, courts often look to whether the non-moving party will suffer  
13 injuries that cannot be compensated by monetary damages and whether the moving  
14 party has engaged in dilatory tactics. Neither is applicable here.

15 DMF already moved for and secured a preliminary injunction preventing  
16 ELCO from selling its allegedly infringing products. None of the harms alleged by  
17 DMF in its briefing for its motion will be exacerbated by a stay in light of the  
18 existence of the injunction. DMF is protected by the preliminary injunction. The  
19 only "harm" DMF can plausibly complain about is simply delay. But "[m]ere  
20 delay in the litigation does not establish undue prejudice." *Polaris Innovations*, at  
21 \*1 (quoting *Universal Elecs.*, 943 F. Supp. 2d at 1033). DMF has already received  
22 any remedy necessary to safeguard it against irreparable harm or undue prejudice.

23 ELCO has not engaged in dilatory tactics. Although DMF sued ELCO in  
24 August 2018, ELCO was not made aware of each of the specific claims that DMF  
25 intended to assert against ELCO until March 1, 2019, when DMF responded to  
26 ELCO's interrogatory and provided its infringement contentions. Had ELCO  
27 proceeded with a petition based on the claims asserted in the Complaint, it would  
28 have proceeded on only a subset of the claims ultimately asserted by DMF. ELCO

1 filed its petition approximately eleven weeks after receiving DMF's infringement  
2 contentions. ELCO then filed its original stay motion approximately six weeks  
3 after filing its petition. Neither time period constitutes the sort of dilatory tactics  
4 courts consider prejudicial.

5 The lack of irreparable harm to DMF and ELCO's diligence thus weigh in  
6 favor of a stay.

7 **D. An Immediate Stay of the Expert Rebuttal Report Deadline Is**  
8 **Necessary**

9 On November 15, 2019, the parties exchanged their initial expert reports.  
10 Specifically, DMF served three reports – one on infringement, one on market  
11 conditions, and one on damages, and Elco served a report on invalidity. According  
12 to the current case schedule, the parties must serve rebuttal expert reports by  
13 Friday, November 29, 2019, the day following the Thanksgiving holiday. The  
14 expert discovery cut-off date is December 23, 2019. Thus, the parties must prepare  
15 for and complete at least four expert depositions in approximately three weeks.

16 The issuance of the PTAB's institution decision calls the Court's claim  
17 construction order with respect to two significant terms into question. Completion  
18 of expert discovery based on an incorrect claim construction is nonsensical.

19 Defendants ask that, if the Court cannot rule on Defendants' request to stay  
20 the entire case on or before Wednesday, November 27, 2019, the Court issue an  
21 order staying the expert rebuttal report deadline until after the Court has ruled on  
22 Defendants' request to stay the entire case. At a minimum, the Court should issue  
23 such an order immediately to conserve the parties' resources in that regard.

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1 **V. CONCLUSION**

2 For the foregoing reasons, Defendants request the Court to grant this  
3 Application.

4  
5 Dated: November 22, 2019

**BRYAN CAVE LEIGHTON PAISNER LLP**  
Robert E. Boone III

6  
7 By: /s/ Robert E. Boone III

Robert E. Boone III

8 Attorneys for Defendants

9 AMP PLUS, INC. d/b/a ELCO Lighting and  
Elco Lighting, Inc.

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Bryan Cave Leighton Paisner LLP  
120 Broadway, Suite 300  
Santa Monica, California 90401-2386